

MINNESOTA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

Overview

Other than incentives for the production of ethanol, Minnesota does not offer any incentives for alternative fuel vehicles (AFVs). Several Minnesota natural gas utilities offer incentives for purchases or conversions of natural gas vehicles (NGVs) including a \$500 - \$2,000 rebate from Minnegasco, Northern Minnesota Utilities, and Northern States Power.

Highlights

\$ \$500 to \$2,000 rebate from Minnegasco, Northern Minnesota Utilities, and Northern States Power for conversions and purchases of NGVs

State Incentives

Other than incentives for the production of ethanol, Minnesota does not offer any incentives for AFVs. For additional information, contact Lou Clark at (612) 296-7606 or Mike Roeloss at (612) 297-2545, at the Minnesota Department of Public Service.

Utility/Private Incentives

\$ **Minnegasco** provides conversion and original equipment manufacturer (OEM) rebates of \$500 to \$2,000 per NGV, depending on the vehicle weight. Minnegasco offers station construction assistance and technical training. For more information, contact Jan Wennerlyn at (612) 321-4311.

\$ **Northern Minnesota Utilities** provides conversion and OEM rebates of \$500 to \$2,000 per NGV, depending on the vehicle weight. For more information, contact Tom Luke at (218) 878-2258.

\$ **Northern States Power** provides conversion and OEM rebates of \$500 to \$2,000 per NGV, depending on the vehicle weight. For more information, contact Mike Eischens at (612) 229-2360, or Northern States Power's main number at (800) 626-7978.

The National Ethanol Vehicle Coalition (NEVC) is part of a joint public/private partnership to promote 85% ethanol (E85) as an alternative transportation fuel. Through a pilot grant from the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 refueling facilities. For additional information, contact Phil Lambert at (314) 635-8445.

Laws & Regulations

Public fleets in cities with populations of 100,000 or more must convert to AFVs for a certain percentage of their new vehicles:

Fiscal Year (FY)	% New AFVs
1995	10%
1996	15%
1997	25%
1998	50%
1999	75%
2000	90%

Public utilities can submit plans to invest in AFVs and the supporting infrastructure. The cost recovery portions of the plan must be approved by regulatory agencies.

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Laws & Regulations (cont.)

In 1989, the state deregulated the use of natural gas as a motor vehicle fuel.

In 1993, the Governor issued an Executive Order requiring that all state vehicles must be fueled with E10 (10% ethanol blends) whenever practicable.

A state policy was established to promote and develop the market for AFVs and further develop the market for indigenous crop-based fuels.

Chapter 632, Minnesota Laws 1994, redefines ethanol to extend to residue and waste from the production, procession, and marketing of agricultural products, forest products, and other renewable resources.

House Bill 3027 provides that the purchase of capital equipment by a contractor for installation in a new ethanol manufacturing facility is exempt from the sales and use tax.

The state currently provides a 25¢/gallon incentive for producers of fuel ethanol in the state, not to exceed \$3.75 million per year per producer. The incentive program will expire June 30, 2010.

The state offers a 1¢/gallon excise tax exemption for E10 sold in the state. The excise tax exemption will decrease to 0.5¢/gallon on October 1, 1996, and will be eliminated completely on October 1, 1997.

Points of Contact

Minnesota State Energy Office

Minnesota Department of Public Service

Lou Clark (612) 296-7606

Mike Roeloss (612) 297-2545

Minnegasco

Jan Wennerlynn (612) 321-4311

Northern Minnesota Utilities

Tom Luke (218) 878-2258

Northern States Power

Mike Eischens (800) 626-7978

(612) 229-2360

National Ethanol Vehicle Coalition

Phil Lambert (314) 635-8445

Metropolitan Planning Organizations

Metropolitan Council Twin Cities

Jim Barton (612) 291-6359

Arrowhead Regional Development Commission

Gary Tonkin (218) 722-5545

Minnesota State Transportation Contact

Department of Transportation

John Howard (612) 725-2354

Rod Pleatam (612) 995-3590

U.S. Department of Energy

Regional Support Office

Chicago Regional Support Office

Melinda Latimer (312) 886-8582

U.S. Department of Transportation Contacts

Federal Highway Administration

Region 5

Sam Herrera (708) 283-3536

Federal Transit Administration

Region 5

Doug Gerleman (312) 353-2789

General Services Administration

Regional Fleet Manager

Region 5

Grant Jahr (312) 353-5379

U.S. Environmental Protection Agency

Regional Pollution Prevention Coordinator

Region 5

Phil Kaplan (312) 353-4669